

By: Duncan

S.B. No. 556

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the powers and duties of the Hardeman County Hospital
3 District.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 4, Chapter 214, Acts of the 66th
6 Legislature, Regular Session, 1979, is amended by amending
7 Subsection (a) and adding Subsection (j) to read as follows:

8 (a) The board shall manage, control, and administer the
9 hospital system and all funds and resources of the district. The
10 board shall invest [~~, but in no event shall~~] any operating,
11 depreciation, or building reserves [~~be invested~~] in accordance with
12 Chapter 2256, Government Code [~~any funds or securities other than~~
13 ~~those specified in Article 836 or 837, Revised Statutes~~]. The
14 district through its board may sue and be sued and may promulgate
15 rules governing the operation of the hospital, hospital system, its
16 staff, and its employees. The board may appoint qualified persons
17 as administrator of the hospital district, attorney for the
18 district, and assistant to the administrator. The administrator,
19 the attorney, and the assistant administrator, if any, shall serve
20 at the will of the board and shall receive the compensation
21 determined by the board. The administrator may, on assuming his or
22 her duties, execute a bond payable to the hospital district in an
23 amount to be set by the board, in no event less than \$5,000,
24 conditioned that he or she shall perform the duties required of him

1 or her and containing such other conditions as the board may
2 require. The board may pay for the bond with district funds. The
3 administrator shall supervise all the work and activities of the
4 district and shall have general direction of the affairs of the
5 district, subject to the limitations as may be prescribed by the
6 board. The board may appoint to the staff doctors it may deem
7 necessary for the efficient operation of the district and may
8 provide for temporary appointments to the staff if warranted by
9 circumstances. The board may delegate to the administrator the
10 authority to employ technicians, nurses, and employees of the
11 district.

12 (j) The district may sponsor and create a nonprofit
13 corporation under the Texas Non-Profit Corporation Act (Article
14 1396-1.01 et seq., Vernon's Texas Civil Statutes) and may
15 contribute funds to or solicit funds on behalf of the corporation.
16 The corporation may use district funds only to provide health care
17 or other services the district is authorized to provide under this
18 Act. The board shall establish adequate controls to ensure that the
19 corporation uses its funds in accordance with this subsection. The
20 corporation may invest corporation funds in any manner that the
21 district may invest funds, including investments authorized under
22 Chapter 2256, Government Code.

23 SECTION 2. Section 6, Chapter 214, Acts of the 66th
24 Legislature, Regular Session, 1979, is amended to read as follows:

25 Sec. 6. GENERAL OBLIGATION BONDS. (a) The board may issue
26 and sell its bonds in the name and on the faith and credit of the
27 hospital district for any purpose related to the purchase,

1 construction, acquisition, repair, and renovation of buildings and
2 improvements and equipping the same for hospital purposes. At the
3 time of the issuance of any bonds payable from taxation, a tax shall
4 be levied by the board sufficient to create an interest and sinking
5 fund to pay the interest on and principal of the bonds as they
6 mature, providing that the tax together with any other taxes levied
7 for the district shall not exceed the limit approved by the voters
8 at the election authorizing the levy of taxes. No bonds may be
9 issued by the hospital district except refunding bonds until
10 authorized by a majority of the qualified electors of the district.
11 Section 41.001(a) [~~The board, in ordering a bond election, shall~~
12 ~~specify the date of the election, the amount of bonds to be~~
13 ~~authorized, the maximum maturity of the bonds, the place or places~~
14 ~~where the election will be held, and the presiding judge and~~
15 ~~alternate judge for each voting place and shall provide for clerks~~
16 ~~as in county elections. Chapter 41~~], Election Code, does not apply
17 to a bond election ordered by the board. A [~~Notice of any~~] bond
18 election shall be [~~given as provided in Article 704, Revised~~
19 ~~Statutes, and the election shall be~~] conducted in accordance with
20 Chapter 1251, Government [~~the Election~~] Code, except as otherwise
21 provided by [~~modified by the provisions of~~] this Act. [~~The board~~
22 ~~shall canvass the returns and declare the results.~~]

23 (b) Refunding bonds of the district may be issued for the
24 purpose of refunding and paying off any outstanding indebtedness it
25 has issued or assumed. The refunding bonds may be sold and the
26 proceeds applied to the payment of outstanding indebtedness or may
27 be exchanged in whole or in part for not less than a similar

1 principal amount of outstanding indebtedness. [~~If the refunding~~
2 ~~bonds are to be sold and the proceeds applied to the payment of any~~
3 ~~outstanding indebtedness, the refunding bonds shall be issued and~~
4 ~~payments made in the manner specified by Chapter 503, Acts of the~~
5 ~~54th Legislature, 1955, as amended (Article 717k, Vernon's Texas~~
6 ~~Civil Statutes).~~] Refunding bonds shall be issued in accordance
7 [~~conformity~~] with Chapter 1207, Government Code [~~784, Acts of the~~
8 ~~61st Legislature, Regular Session, 1969 (Article 717k-3, Vernon's~~
9 ~~Texas Civil Statutes)~~].

10 (c) Bonds of the district shall mature within 40 years of
11 their date, shall be executed in the name of the hospital district
12 and in its behalf by the president of the board, shall be
13 countersigned by the secretary in the manner provided by Chapter
14 618, Government Code [~~204, Acts of the 57th Legislature, Regular~~
15 ~~Session, 1961, as amended (Article 717j-1, Vernon's Texas Civil~~
16 ~~Statutes)~~], shall bear interest at a rate not to exceed that
17 prescribed by Chapter 1204, Government Code [~~3, Acts of the 61st~~
18 ~~Legislature, Regular Session, 1969, as amended (Article 717k-2,~~
19 ~~Vernon's Texas Civil Statutes)~~], and shall be subject to the same
20 requirements in the manner of approval by the attorney general and
21 registration by the comptroller of public accounts as are by law
22 provided for approval and registration of bonds issued by counties.
23 On the approval of the bonds by the attorney general and
24 registration by the comptroller, the bonds shall be incontestable
25 for any cause.

26 SECTION 3. Chapter 214, Acts of the 66th Legislature,
27 Regular Session, 1979, is amended by adding Sections 8A and 8B to

1 read as follows:

2 Sec. 8A. ADDITIONAL MEANS OF SECURING REPAYMENT OF
3 BONDS. In addition to the power to issue bonds payable solely from
4 and secured by taxes imposed by the district as authorized by
5 Section 6 of this Act and the power to issue bonds payable from and
6 secured by revenues and other sources as authorized by Section 8 of
7 this Act, the board may provide for the security and payment of
8 district bonds from a pledge of a combination of ad valorem taxes,
9 as authorized by Section 6 of this Act, and the revenues and other
10 sources authorized by Section 8 of this Act. Bonds, other than
11 refunding bonds, that the board proposes to secure wholly or partly
12 by an ad valorem tax must be approved at an election held in the
13 district in accordance with Section 6 of this Act.

14 Sec. 8B. USE OF CERTAIN PROCEEDS; PAYMENT OF EXPENSES. (a)
15 The district may use the proceeds of bonds described by Section 6,
16 8, or 8A of this Act to pay:

17 (1) any expense the board determines is reasonable and
18 necessary to effect the issuance, sale, and delivery of the bonds;

19 (2) interest payments on the bonds during a period of
20 acquisition or construction of a project or facility to be provided
21 through the bonds;

22 (3) costs related to the operation and maintenance of
23 a project or facility to be provided through the bonds during an
24 estimated period of acquisition or construction and for one year
25 after the project or facility is acquired or constructed;

26 (4) costs related to the financing of the bond funds,
27 including debt service reserve and contingency funds;

1 (5) costs related to the issuance of the bonds;

2 (6) costs related to the acquisition of land or
3 interests in land for a project or facility to be provided through
4 the bonds; and

5 (7) costs of construction of a project or facility to
6 be provided through the bonds, including the payment of related
7 professional services and expenses.

8 (b) A "period of acquisition or construction," as that term
9 is used in Subsection (a) of this section, may not exceed five
10 years.

11 SECTION 4. Section 9(b), Chapter 214, Acts of the 66th
12 Legislature, Regular Session, 1979, is amended to read as follows:

13 (b) The board may prescribe the method and manner of making
14 purchases and expenditures by and for the hospital district and may
15 prescribe all accounting and control procedures. A contract
16 [Contracts] for construction that requires expenditures in excess
17 of the amount prescribed by Section 271.024, Local Government Code,
18 [involving the expenditure of more than \$15,000] may be made only
19 after competitive bidding [advertising] as provided by Subchapter
20 B, Chapter 271, Local Government Code. The provisions of Chapter
21 2253, Government Code, relating to performance and payment bonds
22 shall apply to construction contracts let by the district. The
23 district may acquire equipment for use in its hospital system and
24 mortgage or pledge the property acquired as security for the
25 payment of the purchase price. Except as permitted in the preceding
26 sentence and Sections 6, 7, and 8 of this Act, the district may
27 incur no obligation payable from revenues of the district, tax or

1 otherwise, except those on hand or to be on hand within the then
2 current and following fiscal years of the district.

3 SECTION 5. Chapter 214, Acts of the 66th Legislature,
4 Regular Session, 1979, is amended by adding Section 14B to read as
5 follows:

6 Sec. 14B. VALIDATION; REFUNDING OF VALIDATED
7 OBLIGATIONS. (a) The following are validated in all respects as
8 though they were originally and duly authorized, issued,
9 accomplished, validated, ratified, approved, and confirmed:

10 (1) all proceedings, resolutions, orders, and other
11 acts or attempted acts of the district before the effective date of
12 this section that relate to the issuance of notes, warrants, and
13 other obligations evidencing borrowings of the district;

14 (2) all proceedings of the district before the
15 effective date of this section authorizing the issuance, execution,
16 and delivery of notes, warrants, and other obligations evidencing
17 borrowings of the district; and

18 (3) all notes, warrants, and other obligations issued
19 before the effective date of this section evidencing borrowings of
20 the district.

21 (b) Notes, warrants, and other obligations evidencing
22 borrowings of the district that are validated under this section
23 may be refunded by refunding bonds payable from and secured by a
24 source authorized by Section 6, 8, or 8A of this Act. Refunding
25 bonds must be issued in accordance with Chapter 1207, Government
26 Code, and must mature not later than the 40th anniversary of the
27 date of issuance.

1 SECTION 6. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2003.